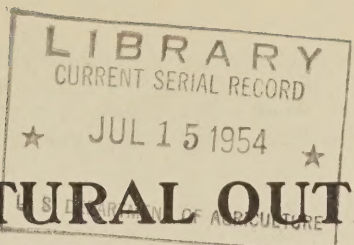


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The AGRICULTURAL OUTLOOK DIGEST

U. S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE, U. S. D. A.

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Economic activity has been generally stable the last couple of months.

Here is how some of the important business indicators stand now compared with a year ago.

Employment rose and unemployment declined in April and May. Number looking for work in May was 3.3 million compared with 1.3 million a year earlier.

Consumer income dropped slightly in April and May from the record first quarter level. Annual rate in April was less than 1% below same month last year.

Consumer spending in the first quarter was only slightly below the record level of July-September, 1953 and 1% above a year earlier.

Industrial production levelled out in April at about one-tenth below the July, 1953 high, and rose about 2% in May.

Construction expenditures were at peak levels the first 5 months of this year--2% above a year earlier.

Business outlays for new plants and equipment have slipped off gradually so far this year from the record level of 1953; were less than 2% below year earlier in the first quarter.

Prices farmers' receive have fluctuated about 1% so far this year; averaged 2% below a year earlier in mid-May.

Prices farmers pay, including interest, taxes and wage rates, also have been steady this year. Mid-May average was 1% above May, 1953.

Wholesale price index of all commodities has been stable for two years.

Farmers' cash receipts the first 5 months of this year were about 4% lower than in same months of 1953, mostly because of decline in prices.

WHEAT: The crop of 1 billion bushels in prospect on June 1 was 169 million bushels less than in 1953. The smaller crop is the result of acreage allotments and heavy abandonment of winter wheat in some areas. The June estimates included 740 million bushels of winter wheat and 260 million of spring wheat.

A crop of this size would exceed probable domestic use and exports in 1954-55. However, carryover stocks would increase much less than in either of the last 2 years. Carryover has risen from 256 million bushels on July 1, 1952 to around 900 million estimated for July 1 of this year.

LIVESTOCK: Prices of most grades and classes of cattle in early June were about the same as a year earlier. Prices of light to medium weight hogs averaged somewhat above early June 1953, while prices of sows and heavy barrows were below 1953 prices. Prices in the last half of the year are expected to remain relatively favorable to producers.

The increase in the number of cattle moved into feedlots this winter and spring probably will prevent the mid-summer advance in prices that occurred last year. Generally stable prices are the most likely prospect. Grass cattle and lamb prices are expected to decline seasonally.

POULTRY AND EGGS: Output of chicks for laying flock replacement in May dropped below a year earlier for the first month in 1953. Because of sharp increase in early hatch, however, number of young chickens on farms June 1 was 7% above a year earlier. Chicks placed on farms before April will be laying this fall and winter, indicating heavy egg production at that time.

Egg output, as is usual at this time of year, is exceeding current consumption but storage demand is slow. Storage of frozen eggs is being discouraged by fact that stocks are well above a year earlier. Storage of shell eggs is being held down by prospect for high production next fall when stored eggs will be sold.

Broiler prices have strengthened in recent weeks. However, marketings will continue large in next few months and supplies of other poultry are increasing seasonally.

DAIRY PRODUCTS: Prices received by farmers for milk and butterfat are expected to continue near present levels the remainder of this year, excepting seasonal increases in a number of fluid milksheds.

Except for butter, reductions in prices paid farmers for manufacturing milk have not yet been fully passed through to retail level. The decline in American cheese and evaporated milk has been less than half the drop in support prices. Prices of ice cream in pint containers are down only slightly, though in many parts of the country substantial reductions have been made for purchases in larger containers. Further declines in consumer prices are expected.

Dairy prices have declined more than prices of feed concentrates in the last year. The relation between prices of dairy products and the cost of the concentrate ratios in May was the least favorable for feeding in 17 years. However, farmers continued to feed concentrates at a near-record rate in May, partly because of slow development of pastures.

FEEDS: Prices of corn are likely to continue stable this summer. Although supplies of "free corn" are relatively tight because of large quantity held under price support, the CCC is selling 1948 and 1949 corn at current market prices. Record carryover--probably around 950 million bushels--is expected when current feeding season ends next October 1.

Seasonal prices declines for other feed grains will occur this summer if growing conditions for the new crops continue favorable.

COTTON: Record foreign consumption and smaller foreign supplies have stimulated U. S. exports in recent months. Exports in April totaled 418 thousand running bales, largest for the month since 1951. According to private trade reports, exports continued high in May.

Stocks of cotton in the foreign free world at the end of this season are expected to be down to lowest level since 1949. Practically no surplus will be available in foreign net-exporting countries.

FATS AND OILS: Supplies of 1953 crop soybeans available for crushing in June-September are about 30% smaller than supplies for this period last year. Record quantities have been exported and 1953 crop was smallest since 1949. Soybean prices, though down considerably from late April, remain higher than in recent years.

TOBACCO: Prospects for production and carryover indicate that supplies of the two main cigarette tobaccos--flue-cured and Burley--for 1954-55 will be up a little from 1953-54. About as many cigarettes are expected to be produced as this year.

Exports of all types of tobacco for the current fiscal year are expected to total about 530 million pounds (farm sales weight), 5% more than last year. The outlook points to an increase for 1954-55.

VEGETABLES: Significant increases in summer production of carrots, sweet corn, honeydews, green peppers, tomatoes and watermelons were indicated by June 1 conditions. However, early summer output of cantaloup and onions is expected to be well below that of 1953. Total output of summer vegetable crops is expected to be 8% above 1953 and 14% above average. Demand for fresh vegetables is expected to continue relatively strong.

Fewer potatoes probably will be marketed in the next month or so than a year earlier unless advanced shipments from late States are heavier than last year. Potato prices in May averaged above a year earlier for the first month in 1954.

FRUIT: Deciduous fruit production this year is expected to total slightly larger than in 1953, June 1 conditions indicated larger crops for peaches, dried prunes and apples. Smaller crops are in prospect for fresh plums, strawberries, sweet cherries and apricots.